

Article - Tax - General

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§10–741.

(a) (1) In this section the following words have the meanings indicated.

(2) “Business entity” has the meaning stated in § 6–801 of the Economic Development Article.

(3) “Department” means the Department of Commerce.

(4) “Eligible project” has the meaning stated in § 6–801 of the Economic Development Article.

(5) “Existing business entity” has the meaning stated in § 6–801 of the Economic Development Article.

(6) “New business entity” has the meaning stated in § 6–801 of the Economic Development Article.

(7) “Qualified business entity” has the meaning stated in § 6–801 of the Economic Development Article.

(8) “Qualified position” has the meaning stated in § 6–801 of the Economic Development Article.

(9) “Tier I county” has the meaning stated in § 6–801 of the Economic Development Article.

(10) “Tier II county” has the meaning stated in § 6–801 of the Economic Development Article.

(b) (1) Subject to the limitations of this section, an individual or corporation that is a new business entity that operates an eligible project in a Tier I county or an existing business entity that operates an eligible project may claim a credit against the State income tax equal to the amount stated in the final tax credit certificate approved by the Department for an eligible project.

(2) The amount of the credit authorized under paragraph (1) of this subsection is equal to the product of:

(i) the State employer withholding amount, which is equal to the highest tax rate listed in § 10–105(a) of this title; and

(ii) the total amount of wages paid for each qualified position at an eligible project.

(3) If the tax credit allowed under this section in any taxable year exceeds the total tax otherwise payable by the qualified business entity for that taxable year, the qualified business entity may claim a refund in the amount of the excess.

(c) (1) On enrollment in the More Jobs for Marylanders Program established under Title 6, Subtitle 8 of the Economic Development Article, a qualified business entity shall apply to the Department for a tax credit certificate.

(2) The application shall be in the form and shall contain the information the Department requires.

(3) (i) Subject to subsections (d) and (e) of this section, the Department may issue a tax credit certificate to a qualified business entity in an amount not to exceed the amount determined under subsection (b)(2) of this section.

(ii) In determining the allocation of the aggregate tax credit amounts available in a fiscal year as provided under subsection (d) of this section, the Department shall give priority to applications for eligible projects in a Tier I county, as defined under § 6–801 of the Economic Development Article.

(d) (1) In this subsection, “Reserve Fund” means the More Jobs for Marylanders Tax Credit Reserve Fund established under paragraph (2) of this subsection.

(2) (i) There is a More Jobs for Marylanders Tax Credit Reserve Fund that is a special continuing, nonlapsing fund that is not subject to § 7–302 of the State Finance and Procurement Article.

(ii) The money in the Reserve Fund shall be invested and reinvested by the Treasurer, and interest and earnings shall be credited to the General Fund.

(3) (i) Subject to the limitations of this subsection, the Department shall issue an initial tax credit certificate in an amount equal to a percentage of total wages paid for each qualified position at an eligible project as calculated under subsection (b)(2) of this section.

(ii) An initial tax credit certificate issued under this subsection shall state the maximum amount of tax credit for which the qualified business entity is eligible.

(iii) 1. Except as otherwise provided in this subparagraph, for any fiscal year, the Department may not issue initial tax credit certificates for credit amounts in the aggregate totaling more than \$9,000,000 in a fiscal year.

2. If the aggregate credit amounts under initial tax credit certificates issued in a fiscal year total less than the maximum provided under subparagraph 1 of this subparagraph, any excess amount shall remain in the Reserve Fund and may be issued under initial tax credit certificates for the next fiscal year.

3. For any fiscal year, if funds are transferred from the Reserve Fund under the authority of any provision of law other than under paragraph (4) of this subsection, the maximum credit amounts in the aggregate for which the Department may issue initial tax credit certificates shall be reduced by the amount transferred.

(iv) For fiscal year 2019 and each fiscal year thereafter, the Governor shall include in the annual budget bill an appropriation to the Reserve Fund in an amount that is no less than the amount the Department reports is necessary under subsection (e) of this section to:

1. maintain the current level of manufacturing activity in the State; and

2. attract new manufacturing activity to the State.

(v) Notwithstanding the provisions of § 7-213 of the State Finance and Procurement Article, the Governor may not reduce an appropriation to the Reserve Fund in the State budget as approved by the General Assembly.

(vi) Based on an amount equal to a percentage of the total actual wages paid for each qualified position at an eligible project as calculated under subsection (b)(2) of this section, the Department shall issue a final tax credit certificate to the qualified business entity.

(4) (i) Except as provided in this paragraph, money appropriated to the Reserve Fund shall remain in the Fund.

(ii) 1. Within 15 days after the end of each calendar quarter, the Department shall notify the Comptroller as to each final credit certificate issued during the quarter:

A. the maximum credit amount stated in the initial tax credit certificate for the qualified business entity; and

B. the final certified credit amount for the qualified business entity.

2. On notification that a final credit amount has been certified, the Comptroller shall transfer an amount equal to the credit amount stated in the initial tax credit certificate for the qualified business entity from the Reserve Fund to the General Fund.

(e) On or before July 1 each year, the Department shall report to the Governor and, subject to § 2-1246 of the State Government Article, the General Assembly on the amount of tax credits necessary to:

(1) maintain the current level of manufacturing activity in the State;
and

(2) attract new manufacturing activity to the State.

(f) The Department and the Comptroller jointly shall adopt regulations to carry out the provisions of this section and to specify criteria and procedures for the application for, approval of, and monitoring of continuing eligibility for the tax credit under this section.

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